



# Michigan *Office of the Auditor General* **REPORT SUMMARY**

## *Performance Audit*

### *Biennial Internal Control Evaluation Process*

#### *Department of Community Health*

Report Number:  
391-0101-05

Released:  
March 2007

*In accordance with State law, the Department of Community Health (DCH) reports biennially on evaluations of its internal control. The biennial internal control evaluation (ICE) report is to be completed by May 1 of each odd numbered year and is to be provided to various parties, including the Governor, the Auditor General, and legislative committees and agencies. The ICE process is an integral tool to help ensure that a department's system of internal control has been established and is functioning as required by law.*

#### ***Audit Objective:***

To assess the effectiveness of DCH's efforts in coordinating the development of the biennial ICE process.

#### ***Audit Conclusion:***

DCH's efforts were moderately effective in coordinating the development of the biennial ICE process.

#### ***Material Condition:***

DCH needs to improve its efforts to oversee ICE activities to help ensure that all critical ICE activities are completed within established time frames. DCH also needs to complete all detailed internal control assessments to help ensure that the DCH biennial ICE report is completed in accordance with State law. (Finding 1)

#### ***Reportable Conditions:***

DCH did not complete the departmentwide application control assessments for its computer applications. In addition, DCH had not established a formal methodology to determine which of its critical computer

applications should be subject to specific application control assessments. (Finding 2)

DCH did not provide sufficient training or communicate clear expectations to its assessable units' management staff to help prepare them for their role in the biennial ICE process (Finding 3).

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#### ***Audit Objective:***

To assess the effectiveness of DCH assessable units' efforts in evaluating their internal control.

#### ***Audit Conclusion:***

DCH assessable units' efforts were not effective in evaluating their internal control.

#### ***Material Condition:***

DCH assessable units did not sufficiently evaluate and document their internal control (Finding 4).

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***Audit Objective:***

To assess the effectiveness of the Office of Audit's efforts in evaluating DCH's biennial ICE process.

***Audit Conclusion:***

The Office of Audit's efforts were effective in evaluating DCH's biennial ICE process.

***Reportable Condition:***

The Office of Audit needs to improve its efforts to evaluate DCH's ICE activities (Finding 5).

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***Agency Responses:***

Our audit report contains 5 findings and 7 corresponding recommendations. DCH's preliminary response indicates that it generally agrees with the 7 recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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